Weekly Economic Review

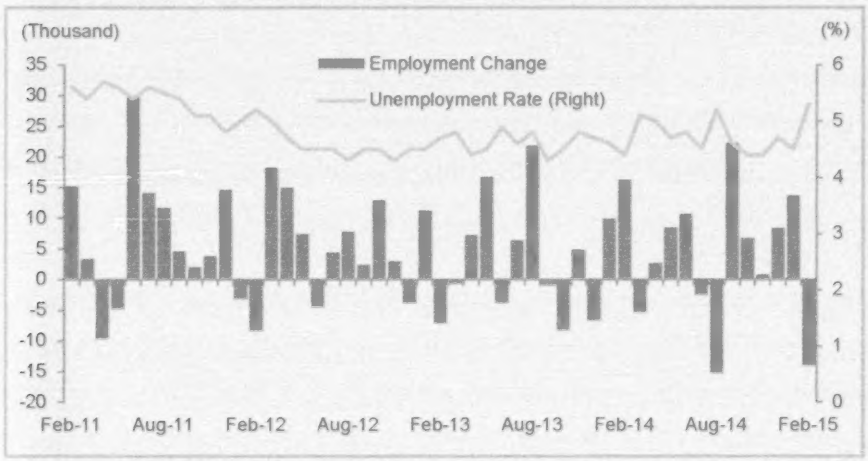
The unemployment rate jumps

Labour Market

Employment shifts into reverse

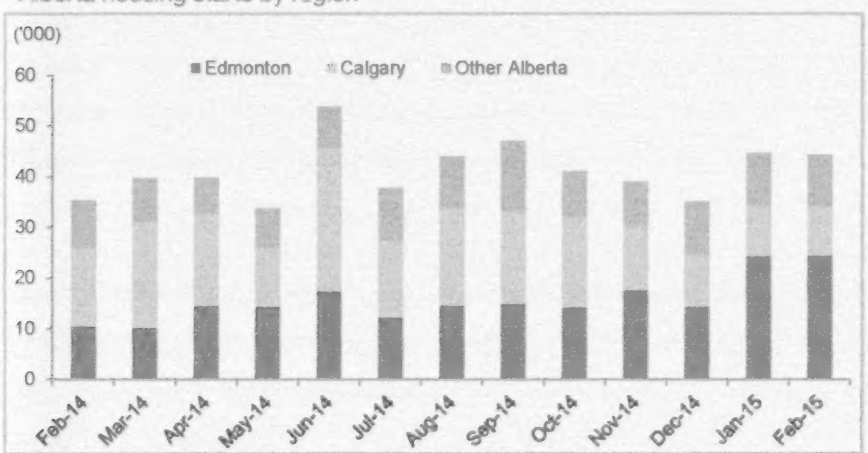
The pullback in activity from lower oil prices is starting to impact Alberta's labour market, which lost 14,000 jobs in February. The unemployment rate jumped 0.8 percentage points to 5.3%, the highest since September 2011 and the biggest monthly increase in the unemployment rate since the 2009 recession.

Chart 1: The Alberta labour market weakens in February.
Alberta unemployment rate and monthly change in employment



Source: Statistics Canada

Chart 2: Edmonton bolsters housing starts in January and February
Alberta housing starts by region



Source: Statistics Canada

Losses were concentrated in the private sector, which shed 23,400 jobs. These were mostly in energy-related industries, including forestry, fishing, mining and oil & gas (-7,000), professional, scientific, and technical services (-6,600), and manufacturing (-6,100). The trade sector also posted a significant loss of 10,400 jobs. There were a handful of industries that saw employment gains, led by construction, which was up 7,000. This is likely due to strong residential activity this year. Despite the monthly decline, year-over-year employment was up 1.6%, as employment losses in February erased the previous month's gain, pulling employment back to December's level.

Nationally, the employment situation was little changed in February. The country lost 1,000 jobs, essentially flat from last month. Large gains in Quebec (+16,800) and Ontario (+13,800) offset losses in other provinces. The unemployment rate ticked up to 6.8%.

See the *March Labour Market Notes* for more information.

Housing Starts

Bold beginning to 2015

Residential construction activity in February carried some momentum from January. Housing starts were a strong 44,400 (annual rate), down slightly from January, but up 25% year-over-year (y/y), and the first two months of 2015 were 19% higher than in 2014. Urban multi-dwelling starts maintained their strength from January, largely due to a surge in row housing starts. Single-unit starts held steady for the third-straight month. While housing starts in Calgary reached the lowest point since July 2011, Edmonton housing starts surged to a new historical record, just slightly over January's level.

Canadian housing starts fell to 156,276 SAAR in February, the lowest level since July 2009. The fall was precipitated by a fall in apartment starts (down 27% y/y). February housing starts were lower than January for all provinces save Saskatchewan. The largest monthly declines were in Ontario and Atlantic Canada.

Resale Housing

Sales fall again

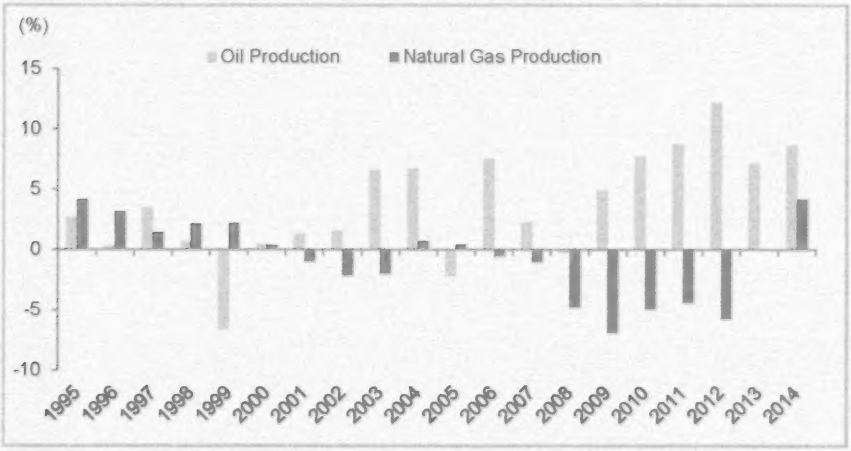
Uncertainty in the economy continues to permeate into the Alberta resale housing market. Sales of houses in Alberta fell in February (-24.3% y/y), while new listings remained lofty (+13.4% y/y), causing the sales-to-new listings ratio to remain just outside the buyer's market (Chart 3). The decline in sales was concentrated in Calgary (-31.9% y/y) whereas the increase in new listings were centred in Edmonton (24.6% y/y). Overall, average resale prices were down 4.5% y/y in February, almost entirely due to a price decline of 3.4% y/y in Calgary.

Nationally, sales were up 3.9% y/y and new listings were up 3.7% y/y. The sales-to-new listings ratio was 0.52, indicating a balanced market. The average resale price increased by 6.0% y/y, led by Ontario at 6.6% y/y growth.

Chart 3: The resale housing market has shifted towards the buyer
Alberta sales-to-new listings ratio

Source: CREA

Chart 4: Annual gas production increases for the first time in almost a decade
Annual change in Alberta oil and natural gas production



Source: Statistics Canada

Crude Oil and Natural Gas

Slower production growth

Alberta produced 2.8 million barrels of oil per day in December, up 2.3% from last year, while natural gas production was down 7.2% y/y. Production growth was led by bitumen, which was up 10.7% y/y. Conventional light and medium oil production rose 2.7% y/y, but this was more-than-offset by synthetic crude oil, which fell 6.0% y/y. Oil production closed out the year up 8.6%, driven by bitumen. Natural gas production was up 4.2%, the first annual increase in almost a decade (Chart 4).

New Motor Vehicle Sales

Truck sales stop rising

Alberta begins 2015 with a mild decrease in new motor vehicle sales. There were 16,390 new motor vehicles sold in January, a decrease of 0.7% y/y. This came from a 1.8% fall in car sales and a 0.4% decrease in truck sales. North American manufactured vehicles gained market share, with sales in creasing 3.8% y/y, while sales of overseas vehicles fell by 21.4% y/y. The average price of vehicles increased slightly to $40,864.

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.